

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 79

February 15, 2011

SUMMARY OF BILL: Requires the Tennessee Student Assistance Corporation (TSAC) to develop and administer a loan repayment program for nursing school graduates who are residents of Tennessee and have incurred student loan debt to finance nursing education. A portion of participants' student loan debt will be repaid by the state in exchange for community service work that falls within the scope of their license. Nursing school graduates may have all or a portion of their student loan debt repaid by the state in exchange for accepting employment in Tennessee that falls within the scope of their license.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$1,843,800

Assumptions:

- The fiscal impact of this bill is dependent upon the number of nursing school graduates each year; the number of annual graduates who have incurred debt to finance nursing education, the extent of debt incurred by graduates, the number of graduates who will meet the community service and employment requirements of the bill, and the percentage of student loan debt that will be repaid through the program.
- According to TSAC, there were a total of 2,426 nursing school graduates in the 2008-09 academic year.
- The number of nursing school graduates remains constant in subsequent years.
- Fifty percent of nursing graduates (1,213) incur debt to finance education.
- Based on information from the American Association of Colleges of Nursing, the average debt incurred by nursing school graduates is estimated to be \$30,375.
- Fifty percent of graduates who have incurred debt to finance nursing education (607) will meet the community service and employment requirements of the bill.
- The percentage of student loan debt that will be repaid to the qualified nursing school graduates is unknown. However, it is reasonably estimated that ten percent of total debt incurred by eligible nursing graduates will be repaid.
- The recurring increase to state expenditures is estimated to be \$1,843,800 (607 eligible graduates x \$30,375 x 10%).

- According to TSAC, administration of the program will be handled by existing resources and personnel without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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